



7113 San Pedro Ave, Suite 508  
San Antonio, TX 78216  
(210) 570-4950  
[info@naappraisers.org](mailto:info@naappraisers.org)  
[www.naappraisers.org](http://www.naappraisers.org)

March 3, 2020

TO: Vice President Joe Biden and Staff  
PO Box 58174  
Philadelphia, PA 19102

**RE: The Biden Plan for Investing in Our Communities Through Housing**

Dear Vice President Biden and Staff:

The National Association of Appraisers (NAA) is a nonprofit, 506c (6) association representing professional appraisers across the country. We applaud your commitment to investing in our communities through housing. While we share your concerns about the availability of affordable housing and support efforts to make housing available to all regardless of race, religion, national origin or sexual orientation, we take great issue with this provision of your plan:

*Tackle racial bias that leads to homes in communities of color being assessed by appraisers below their fair value. Housing in communities primarily comprised of people of color is valued at tens of thousands of dollars below majority-white communities even when all other factors are the same, contributing to the racial wealth gap. To counteract this racial bias, Biden will establish a national standard for housing appraisals that ensures appraisers have adequate training and a full appreciation for neighborhoods and do not hold implicit biases because of a lack of community understanding. An objective national standard for appraisals will also make it harder for financial institutions to put pressure on appraisers to their benefit.*

You may not be aware that Licensed and Certified appraisers are obligated to conform to the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by The Appraisal Foundation. In 1989 the US Congress passed Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). FIRREA established a real estate appraiser regulatory system involving the Federal Government, the states, and The Appraisal Foundation. USPAP is the national standard. As a requirement of initial licensure, appraisers are required to take a 15-hour USPAP course and a minimum of 7 hours of USPAP continuing education biannually thereafter in order to be knowledgeable of the most recent updates and changes.

Appraisers are required by law to operate in a manner that is independent, impartial and objective. Appraisals conducted in compliance with USPAP are driven by market data with no consideration to race or ethnicity. We take exception to the statement that home values in any neighborhood are the result of racial bias among appraisers. To this end the Conduct Section of the Ethics Rule of USPAP clearly states:

*An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.*

*An appraiser:*

- *must not perform an assignment with bias;*
- *must not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value;*

Additionally, the Appraisal Independence provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, have already made the practice of financial institutions putting “pressure on appraisers to their benefit” illegal as a matter of federal law. Creating a new national standard for appraisals or appraisers will do nothing to further combat “lender pressure” which is nearly non-existent since the implementation of Dodd-Frank.

*‘§ 129E. Appraisal independence requirements*

*(a) IN GENERAL.—It shall be unlawful...to engage in any act or practice that violates appraisal independence....*

*(b) APPRAISAL INDEPENDENCE.—For purposes of subsection (a), acts or practices that violate appraisal independence shall include—*

*(1) any appraisal of a property...in which a person with an interest in the underlying transaction compensates, coerces, extorts, colludes, instructs, induces, bribes, or intimidates a person, appraisal management company, firm, or other entity conducting or involved in an appraisal, or attempts, to compensate, coerce, extort, collude, instruct, induce, bribe, or intimidate such a person, for the purpose of causing the appraised value assigned, under the appraisal, to the property to be based on any factor other than the independent judgment of the appraiser;*

*(2) mischaracterizing, or suborning any mischaracterization of, the appraised value of the property securing the extension of the credit;*

*(3) seeking to influence an appraiser or otherwise to encourage a targeted value in order to facilitate the making or pricing of the transaction...*

Professional appraisers have no personal interest in the results of any appraisal he or she performs and are statutorily mandated to conduct their practices in an independent, impartial, objective, and unbiased manner. Appraisers do not “set” values or create markets; they merely measure, reflect and report the actions of market participants.

NAA would welcome the opportunity to provide information and clarity regarding appraisals and appraisal issues as your campaign moves forward. Yet we would ask that you reconsider the appraisal provision of your platform in light of its foundation on an erroneous assumption and an equally non-sequitur conclusion.

Sincerely,



Craig Morley  
President, National Association of Appraisers